

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-302-E
October 13, 2008

IN RE:

South Carolina Electric & Gas Company)
Application for Mid-Period Adjustment)
In Two Phases of Base Rates Charged by)
SCE&G for Recovery of Fuel Costs)
Associated with its Service to)
Retail Electric Customers)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and among the South Carolina Office of Regulatory Staff (“ORS”), Ms. Pamela Greenlaw (“Ms. Greenlaw”), CMC Steel South Carolina f/k/a SMI Steel South Carolina (“CMC”), South Carolina Energy Users Committee (“SCEUC”), and South Carolina Electric & Gas Company (“SCE&G”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (“Commission”) pursuant to the procedure established in S.C. Code Ann. §58-27-865 (Supp. 2007), and the Parties to this Settlement Agreement are parties of record in the above-captioned docket. There are no other parties of record in the above-captioned proceeding;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine if a settlement would be in their best interest;

WHEREAS, following these discussions the Parties have each determined that their interest and the public interest would be best served by settling matters in the above-captioned case under the terms and conditions set forth below:

1. The Parties agree to stipulate into the record before the Commission the direct pre-filed testimony and exhibits of the following witnesses without objection, change, amendment or cross-examination.¹

A. SCE&G witnesses:

- (1) Gerhard Haimberger
- (2) Rose Jackson
- (3) Joseph M. Lynch
- (4) Allen W. Rooks

B. ORS witness:

- (1) M. Anthony James

Mr. James's direct pre-filed testimony supports this Agreement, and accordingly, Mr. James will testify in support of the Agreement during the hearing.

2. As a compromise among all parties, SCE&G agrees to limit its "Application for Mid-Period Adjustment" to one phase instead of the requested two-phases. As part of the one-phase adjustment agreed to by the parties, SCE&G shall limit its increase of the Base Fuel Component to 3.291 cents per KWH effective for bills rendered on and after the first billing cycle of November 2008. SCE&G agrees to seek no further Base Fuel Component adjustment until its regularly scheduled fuel hearing to be held under Docket No. 2009-2-E.

3. The Environmental Fuel Cost components shall remain the same as set forth in Docket No. 2008-2-E, and SCE&G agrees to seek no adjustment until its regularly scheduled

¹ CMC's pre-filed direct testimony and exhibits of Dr. Dennis W. Goins is not being stipulated into the record.

fuel hearing to be held under Docket No. 2009-2-E. Accordingly, pursuant to this Agreement, the appropriate fuel factors for SCE&G to charge for the period beginning with the first billing cycle in November 2008 extending through the last billing cycle of April 2009 are listed below.

Class	Base Fuel Cost Component (cents/KWH)	Environmental Fuel Cost Component (cents/KWH) set forth in Docket No. 2008-2-E	Total Fuel Costs Factor (cents/KWH)
Residential	3.291	0.101	3.392
Small General Service	3.291	0.087	3.378
Medium General Service	3.291	0.075	3.366
Large General Service	3.291	0.044	3.335
Lighting	3.291	-	3.291

4. The Parties agree the fuel factors set forth above are consistent with S.C. Code Ann. § 58-27-865(Supp. 2007). The Parties further agree that any amounts recovered per this Agreement, as well as those amounts recovered for those months not audited by ORS, are subject to a full and complete prudence review by ORS and shall be open issues for challenge by any party in the next regularly scheduled fuel hearing to be held in Docket No. 2009-2-E under the procedure and criteria established in S.C. Code Ann. § 58-27-865 (Supp. 2007). As such, SCE&G agrees to allow the parties to Docket No. 2008-302-E to begin requesting data for Docket No. 2009-2-E and SCE&G agrees to provide such information to the extent it is available.

5. The Parties agree this Settlement Agreement is reasonable, in the public interest and in accordance with law and regulatory policy.

6. Further, ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code §58-4-10(B) (Supp. 2007). S.C. Code §58-4-10(B)(1) through (3) reads in part as follows:

“...‘public interest’ means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State’s public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.”

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution in the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. This written Settlement Agreement contains the complete agreement of the Parties. There are no other terms and conditions to which the Parties have agreed. This Settlement Agreement integrates all discussions among the Parties into the terms of this written document. The Parties agree that this Settlement Agreement (a) will not constrain, inhibit or impair or prejudice their arguments or positions held in future proceedings, (b) will not constitute a precedent or evidence of acceptable practice in future proceedings, and (c) will not limit the relief, rates or recovery that any party may seek or advocate in future proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

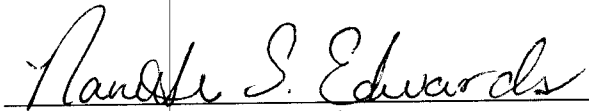
9. This Settlement Agreement shall be interpreted according to South Carolina law. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing his

or her signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[SIGNATURE PAGES TO FOLLOW]

WE AGREE:

Representing and binding the South Carolina Office of Regulatory Staff

A handwritten signature in cursive script, reading "Nanette S. Edwards", written over a horizontal line.

Nanette S. Edwards, Esquire

Shannon Bowyer Hudson, Esquire

South Carolina Office of Regulatory Staff

1401 Main Street, Suite 900

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(803) 737-0889

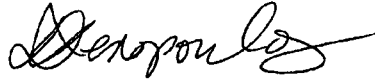
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WE AGREE:

Representing CMC Steel South Carolina f/k/a SMI Steel- South Carolina

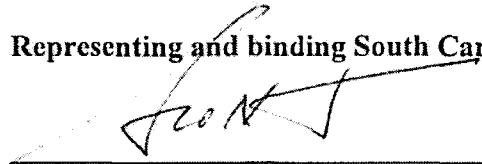


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WE AGREE:

Representing and binding South Carolina Energy Users Committee



Scott Elliott, Esquire
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Fax: (803) 771-8010
Email: selliott@elliottlaw.us

I AGREE:

A handwritten signature in cursive script that reads "Pamela Greenlaw". The signature is written in black ink and is positioned above a horizontal line.

Pamela Greenlaw

1001 Wotan Road

Columbia, SC 29229

Phone: (803) 736-2977

Email: pmlgrnlw@yahoo.com

WE AGREE:

Representing and binding South Carolina Electric & Gas Company



Catherine D. Taylor, Esquire

K. Chad Burgess, Esquire

South Carolina Electric & Gas Company

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2008-302-E

IN RE:

Application of South Carolina Electric and Gas)
Company for Mid-Period Adjustment in Two)
Phases of Base Rates Charged by South Carolina)
Electric and Gas Company for the Recovery of)
Fuel Costs Associated with Its Service to Retail)
Electric Customers)

**CERTIFICATE OF
SERVICE**

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Catherine D. Taylor, Esquire
K. Chad Burgess, Esquire
South Carolina Electric and Gas Company
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Columbia, SC, 29201

E. Wade Mullins III, Esquire
Joey R. Floyd, Esquire
Bruner, Powell, Robbins, Wall & Mullins
Post Office Box 61110
Columbia, SC 29260

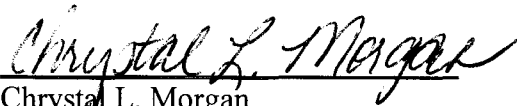
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Pamela Greenlaw
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Chrystal L. Morgan

October 13, 2008
Columbia, South Carolina